Loess Hills AEA (AEA#13)/EA

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PUBLIC EMPLOYMENT RELATIONS BOARD

Before the Arbitrator

In the Matter of the Arbitration of a Dispute Between

Loess Hills Area Education
Agency No. 13

and

Loess Hills AEA No. 13
Education Association

Iowa PERB Case CEO #27/1
Arbitrator Sharon A. Gallagher
May 27, 2008

Appearances:

Mr. Frank Harty, Esq., Nyemaster Goode Law Firm, P.C., 700 Walnut Street, Suite 1600, Des Moines, Iowa 50309-3899, on behalf of the Agency.

Mr. John Phillips, UniServ Director, NEA/ISEA Southwest UniServ Unit, 1110 Broadway, Red Oak, Iowa 51566, on behalf of the Association.

Introduction and Statement of Jurisdiction:

This matter was processed pursuant to Iowa Code, Chapter 20, to an arbitration hearing held at Council Bluffs, Iowa, on May 14, 2008 by agreement of the parties before Arbitrator Sharon A. Gallagher, who was jointly selected by the parties through the Iowa PERB. The hearing was electronically recorded by the Arbitrator. The parties stipulated that there were no negotiability issues and the parties agreed that only two items—wages and family (dependent care) insurance—are disputed in this case. No subpoenas were requested herein.

The parties submitted one Joint Exhibit—the 2007-08 Labor Agreement between the parties—marked Joint Exhibit 1. The parties also submitted a copy of their Independent Impasse Agreement, executed on May 8, 2008, in which they agreed to waive the statutory time lines, as follows:

> The Loess Hills AEA-13 Education Association and the Loess Hills AEA-13 Board of Directors hereby agree to waive May 31 for completion of negotiations and/or impasse procedures as specified in Chapter 20, Code of Iowa. The Association and Agency agree to continue negotiations and to participate in impasse procedures after May 31 until such time as a result of an arbitrator's award. The Parties further agree on behalf of the Association, the Agency, and their constituents not to challenge the collective bargaining agreement or arbitrator's award on the basis that said agreement was not entered into or award received until after May 31, 2008. The Association and the District agree in all other particulars to follow the impasse procedures set forth in Chapter 20, Code of Iowa

At the May 14th hearing, the Association presented its case first, submitting and describing in detail extensive documentary evidence, Exhibits A-1 through A-10. The Agency called two witnesses—Mr. David P. Lind, an insurance consultant; and Ms. Emily Nelson, Agency Director of Administrative Services, both of whom were sworn by the Arbitrator on their oath. The Agency also submitted five exhibits: Agency 1-5.

The parties orally argued their positions at the beginning of the hearing and the Association gave a closing argument while the Agency submitted a written brief in lieu of making a closing argument on the record.

Arbitration Procedure and Criteria:

The Award set forth below is based upon the Arbitrator's review of all of the testimony and the exhibits and her consideration of the arguments of the parties as well as application of the relevant factors listed in the Code of Iowa, Chapter 20, Section 20.22(9), which read as follows:

> 9. The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:
>
> *a.* Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
>
> *b* Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
>
> *c.* The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
>
> *d.* The power of the public employer to levy taxes and appropriate funds for the conduct of its operations

Although the statute further provides that the arbitrator must select, without alteration, the most reasonable of the positions on each item at impasse and consider the above-quoted criteria in reaching his or her conclusion, the parties expressly agreed on the record herein that this Arbitrator must select the monetary offer of the party who prevails on the insurance issue.

Final Offers:

The parties' Final Offers are attached hereto as Exhibit B, pages 1-2 through 1-4 (Association) and Exhibit C, pages 1-5 through 1-7 (Agency). The single insurance benefit is not in dispute herein. The offers can be summarized as follows. For 2008-09, the Association offered to add $756 to the BA Base, recalculating all steps and lanes thereon so that the BA Base for 2008-09 would increase from $28,690 (2007-08) to $29,446 and the schedule maximum for 2008-09 would increase from $54,990 (2007-08) to $56,439, for an overall salary increase of 3.54% with $235,069 new dollars (Assoc. Exh 3-2). The Association also offered to maintain the *status quo* in Article XVI

Insurance; specifically, that no changes would be made in Section A, paragraph 3, and Section B, paragraph 3. The total package offered was 4.68%.

For 2008-09, the Agency offered to add $1,080 to the BA Base (Agency Exh. 5), recalculating all steps and lanes across on the base year schedule for 2007-08, which would bring the BA Base to $29,770 and the schedule maximum to $57,060 or an additional $2,070, for an overall salary increase of 4.54% with $310,716 new dollars (Agency Exh. 5). The Agency offered to change Article XVI, Sections A3 and B3 to cap the Agency's contribution to dependent insurance premiums at the (current) annual rate for 2007-08 of $9,056 for full-time professionals (Section A3) and to cap the Agency's contribution to dependent insurance at $4,528 annually for regular part-time professionals (Section B3) for the 2008-09 agreement. The total package cost was 4.95%.

Background:

The employer, Loess Hills Area Education Agency 13 (Agency or Loess Hills), is one of ten (currently) regional educational support agencies in the State of Iowa. The AEA's were created in 1974 to provide equitable educational opportunities to Iowa children from birth to 21 years of age. The Agency is located in the far southwestern corner of Iowa and covers eleven counties (Exh. Assoc. 2-1); it maintains its central office at Halverson Center near Council Bluffs, Iowa, and has seven regional offices. The Agency employs 260 staff, 149 of whom are represented by the Association. AEA staff work in partnership with approximately 3,000 educators and 33,000 students in its jurisdiction to provide programs and services which fall into the following nine state standards on which Iowa AEA's are accredited:

- Curriculum, Instruction and Assessment:
- Diverse Learning: Support and expertise on best practices in both content and skill areas for children birth to age 5 and K-12 students.
- Instructional Media: specialized services for children and students birth to age 21 with diverse learning needs, including gifted students and students with disabilities.
- Multicultural, Gender-Fair: Services that assist schools and school districts to ensure supportive learning environments for all students.
- Professional Development: Implement the Iowa Professional Development Model; coordinate workshops, courses, and materials and provide ongoing consultation for area educations and support staff.
- School-Community Planning: Support of School Improvement processes and communication with families and communities
- School Leadership: Leadership services that assist with the recruitment, induction, retention, and professional development of educational leaders
- School Management: Support and interim management of school administrative functions
- School Technology: Assistance with technology planning and integration, training, cooperative purchasing, networking, duplication, and distance learning.

AEA Agencies employ certified/degreed personnel as well as support staff and managerial personnel. The Association represents only Agency certified/degreed personnel. In 2007-08, of the 10 AEA's, the largest has 503 staff (AEA 267). Loess Hills is ninth in size (reported at 127 staff), with only one AEA, Green Valley, being smaller (at 53 staff) (Assoc. Exh. 2-4). Loess Hills' certified staff are highly educated, with three Ph.D.'s on staff (for a rank of seventh among AEA's); over 74% of staff possess a Masters degree (for a rank of fourth among AEA's); and over 14% have special licenses for a rank of second in ten among AEA's for combined Masters and special licensed employees (Assoc. Exh. 2-4).

Regarding experience, it is clear that Loess Hills staff are highly experienced—ranking third of ten AEA's, with a total average experience of over 19 years among certified staff and ranking first for the average degree(s) attained by staff (Assoc. Exh. 2-3). Loess Hills' certified staff were paid an average salary of $48,648 (in 2007-08), which gave the Agency a rank of ninth out of ten

The parties did not present arguments or evidence on the Section 20.22(9)(c) and (d) factors of the Iowa Code. Indeed, the Agency admitted at the hearing and in its post-hearing brief that there was no question that the AEA can finance the adjustments necessary to implement this Award, and it has no funding difficulties. The Agency also described the details regarding AEA funding (they cannot levy taxes), which AEA's receive from state and federal funds and grant money and for which they can charge tuition and fees in some instances (ER brief, p. 2). Having considered all of the record evidence in this case, this Arbitrator finds that neither of the factors in Sections 20.22(9)(c) or (d) was disputed by the parties.

Positions of the Parties:

Agency Brief and Arguments:

The Agency argued that although the parties have reached voluntary agreements covering the past several years, "there is simply no avoiding arbitration at this juncture because the Association will not recognize that it is simply unheard of for an employer to provide family health insurance benefits at no cost to the employee" (ER. Brief, p. 3).

Regarding the merits of the dispute, the Agency urged that under Iowa law, the arbitrator or fact-finder may only consider the factors stated in the Iowa Code, Section 20.22(9) and make comparisons regarding wages, hours and conditions of employment between the involved Iowa "public employees," and other public employees doing comparable work located exclusively in the State of Iowa. In addition, the Agency asserted that "internal comparisons are more relevant than comparisons to other public employees" under Chapter 20 of the Iowa Code. This is so because Section 20.22(9) emphasizes the relationship between the parties by listing such mandatory factors as the parties' bargaining agreements, whether the employer has the power to levy taxes and other funds, and whether it can finance economic adjustments and the effect of such adjustments on a normal standard of services (Sections 20.22(9)(a), (c) and (d)). And Section 20.22(9)(b) makes internal comparisons more pertinent than comparisons to other (outside) public employers because the neutral must give consideration to factors peculiar to the area and the classifications involved. Therefore, based upon the above arguments, the Agency contended that the comparability groups, in order of importance, should be as follows: 1) internal comparables, 2) other AEA's, and 3) local districts with whom the Agency competes for labor.

The Agency argued that a review of the appropriate comparables (above) show that the Agency's insurance offer is the most appropriate. The Agency noted that although it has had one of the most generous health insurance benefits in the public sector in Iowa, it is now "imperative" that Association employees participate in the cost of family health insurance. The Agency pointed to the testimony of employer insurance consultant David Lind, who has annually commissioned independent surveys of over 800 Iowa employers (Agency Exh. 1); that the 2007 survey clearly showed that Iowa private sector and public sector employees are paying a portion of the cost of family health insurance; and that it is essential that employees feel the cost of increases so that they are encouraged to control costs. The Agency urged, "Simply put, it is time that the union is dragged kicking and screaming into the 21st century" (ER Brief, p. 7). In addition, virtually every AEA in Iowa requires employees to participate in the cost of family insurance.

Based upon its exhibits and the testimony of its witnesses, the Agency argued that "if the arbitrator agrees with the Agency's insurance proposal, then the agency's wage proposal should be chosen."

Association Arguments:

The Association argued that unit employees' salaries have been and are now below the average of the comparable AEA certified units. However, at this Agency, insurance benefits have traditionally been above average, with premiums fully paid by the Agency. Over approximately thirty years of bargaining, the parties have mutually agreed to maintain this approach to wages and insurance such that certified staff salaries have lagged behind the comparables. Indeed, in the past nine years, the parties have reached voluntary agreements with the exception of 2000-01, when the Association prevailed at arbitration (over wages and insurance) before Arbitrator Peter Maniscalco (Assoc. Exh. 10-1 through 10-7). Here, there is no compelling reason for the change requested by the Agency.

The Agency's 2008-09 final offer on insurance would eradicate the parties' mutually agreed-upon approach to wages and insurance, and would drastically and forever change the insurance portion of the parties' bargain. Thus, the Arbitrator's selection of the Agency's offer could never be reversed by the Association and it would go against the arbitral axiom that the parties should change insurance provisions in the give-and-take of face-to-face bargaining and not have such changes imposed by a neutral.

The Association noted that the parties have entered into voluntary agreements for eight of the last nine contract years. In addition, it observed that over the years, the Agency has made significant insurance proposals in bargaining, but it has not held to those proposals, and that when needed (as in 2003-04), the Association has responded by taking a very low increase on the BA Base in order to maintain Agency-paid insurance. Furthermore, in 2004-05 and 2006-07, when the insurance went down or rose very little, the Agency voluntarily agreed to improve insurance benefit for employees and/or to put the savings on the salary, showing Agency agreement to the parties' historical approach to tie these issues together.

Finally, the Association urged that Loess Hills staff are highly educated and highly experienced and that they have been underpaid for decades, precisely because they wished to maintain their insurance. In these circumstances, the Association urged the Arbitrator to award the more reasonable offer; that is, the Association's final offer.

Insurance Issue:

Agency Evidence:

The Agency submitted Exhibit A-1 and the testimony of Insurance Consultant David Lind thereon. Exhibit A-1 was an independent survey to which 819 Iowa employers responded. Of that, thirty were "public entities," 65 were public schools, and 93 were public/private education entities and an unknown number of employers in the overall group were covered by collective bargaining agreements (panel 4). This Exhibit purported to show that in 2007, the average single employee contribution to health care was $54.00 per month and the average employee contribution to health care was $289.00 per month; that these rates for the 65 public schools surveyed[1] were $8.00 per month and $507.00 per month respectively; and for the unknown number of employers surveyed covered by labor agreements, these amounts were $18.00 and $304.00 per month respectively.

Notably, the survey lumps PPO, HMO and Indemnity plans together. Slide 5 of Agency Exhibit 1 showed that the overall average deductibles across the 819 employer group were $882 single and $1773 family, and that in the public schools subgroup, the average deductibles were $584 single and $1117 family. Slide 6 of the exhibit showed that the overall average out-of-pocket maximums were $1,954 single and $3,885 family, with $1173 and $2366 single and family respectively in the public schools subgroup.

In his testimony, Lind stated that health plans where employers pay the full cost of premiums are becoming rare in Iowa, except in the public sector. Lind admitted that in the survey submitted, the survey company asked the employers surveyed whether they reimbursed their employees for any of the insurance costs paid by employees and that the answers "were all over the board," and these statistics were not reported in Agency Exhibit 1. Lind also stated that the deductibles listed on Exhibit A-1 were simply those charged by the insurance companies and that no effort was made to factor in any reimbursement thereof.

The Agency also submitted Agency Exhibit 4, the "2008-09 School Settlement Report Cumulative Totals," which showed statistics for approximately 134 school settlements. The average BA Base for 2008-09 was $26,864, with an average 2008-09 increase on that base of approximately $775.00. And again for 2008-09, in the settled Public Schools, teachers received an average salary increase of 4.60% (or a weighted average of 4.80%). The average annual cost of group health insurance for the 134 settled

[1] Lind stated that only one of these employers was an AEA. Lind also stated that this survey was first commissioned ten years ago by his firm, DPL & Associates, and that it has been done every year by an independent firm not connected with DPL & Associates. The surveys have been performed using randomly selected Iowa employers with ten or more employees.

schools in 2008-09 was $9,745, which was an increase of 1.98% for 2008-09 over the prior year (Agency Exh. 4).

Regarding the 2008-09 Total Package settlements for AEA certified staff, the Agency submitted Agency Exhibit 3, which showed that the eight settled AEA certified staff received an average salary increase of 4.56%, ranging from 5.1% (AEA 10) down to 3.29% (AEA Northwest).[2]

The Agency submitted Agency Exhibit 2, which is a list of "insurance premium information for certified staff" for 2007-08. This document showed the following was true in 2007-08 for all ten AEA's:

1) Single Coverage: Nine of ten AEA's paid 100% premiums for single insurance. Only Great Prairie listed no benefit, but it pays $9,000 per annum as a cafeteria plan benefit for all full-time employees (pro-rating the amount for all .5 FTE's).
2) Dependent Coverage:
    a) Only one of ten AEA's (Prairie Lakes) pays nothing toward dependent coverage and it gives no compensation in lieu thereof. Two AEA's—Loess Hills and Northwest AEA (contiguous to Loess Hills and to the immediate north thereof)—provide 100% Agency-paid dependent care premiums. Loess Hills also provides an opt-out provision of $2,928.48 annually or $244.04 per month as an incentive to choose single insurance.
    b) Six of ten AEA's provide varying benefits in lieu of or toward partial payment of dependent care premiums. Green Valley pays unit employees $2,130.00 annually or $177.50 per month in lieu of providing any dependent care coverage. Other AEA's range from a flat $150.00 per month payment toward dependent premiums or as salary (AEA 267), to approximately $600 per month ($7187.80 annually) as salary or to be used toward dependent premiums (AEA 1, Keystone) to paying the difference between the cost of single and family insurance to purchase either family insurance, take as cash or to participate in a 403B (Mississippi Bend AEA 9).[3] AEA 10 (Grant Wood) gives employees $1,600 in Flex dollars (or $133.34 per month) to use toward family insurance or an "updated plan." Heartland AEA 11 takes a dual approach whereby employees pay up to 40% of the family premium for dependent coverage, but if they take a lesser plan, "employee portion is less," and gives employees $480

[2] Northwest AEA continues in 2008-09 to pay the full cost of dependent premiums just as Loess Hills has done for approximately the last thirty years.

[3] The Association's Exhibit 6 lists Mississippi Bend has hiving 100% Agency-paid dependent premiums

in an HRA if the employee takes the less expensive single plan with a $500 deductible. Finally (as noted above), Great Prairie pays $9,000 per annum in a cafeteria plan to employees for dependent premiums.

Agency Exhibit 2 demonstrates the variety of approaches among the ten existing AEA's regarding dependent care premium payments. What is clear is that only the Loess Hills, Northwest, and perhaps Mississippi Bend AEA's give their certified staff 100% employer-paid dependent care premiums, while six others give employees payments in lieu of dependent care insurance premiums, and one grants no dependent care benefit

Association Evidence:

Insurance Issue:

Over the last thirty years, the Agency has paid the full cost of single and family insurance for unit employees. For the last nine years, the parties have voluntarily settled their contracts with the exception of the 2000-01 school year, when the parties arbitrated final offers before Arbitrator Peter Maniscalco (Assoc. Exh. 10-1 through 10-7). Association Exhibit 4-1 (Exhibit "C" attached) shows the wages and insurance received at the Agency in each of the last nine years. The conclusions that can be drawn from analyzing this document are that the BA Base was increased an average of $557 per year; certified staff received average salary increases of 3.90% per year; and insurance premiums increased an average of 5.24% per year. There were two years (2003-04 and 2004-05) when premiums were out of the norm: rising over 15% in 2003-04 and falling over 18% in 2004-05.

Over the past nine years, the following changes have been made voluntarily by the parties in their insurance language in 1999-2000, 2000-01, and 2004-05:

1999-2000 Master Contract (Voluntary Agreement)

Article XVI: Insurance
Section A.3

Comprehensive Major Medical Insurance. The Employer shall pay the premiums for single and for dependent insurance coverage (unless the Professional opts out pursuant to Section C) for comparable insurance coverage in effect during the 1995-96 contract year (comprehensive major medical plan with a $200 deductible for single and $400 deductible for family with 80%/20% coinsurance

2000-2001 Master Contract (Arbitrator Peter Maniscalco)

Article XVI: Insurance
Section A.3

Preferred Provider Organization (PPO) Major Medical Insurance. The Employer shall pay the premiums for single and for dependent insurance coverage (unless the Professional opts out pursuant to Section C) for a Preferred Provider Organization (PPO) major medical plan with a $200 deductible for single and $400 deductible for family with a $5 co-pay for doctor office calls and 90%/10% coinsurance within the PPO network. Coverage outside the network has the same deductibles with a $10 co-pay for doctor office calls and an 80%/20% coinsurance

2004-05 Master Contract (Voluntary Agreement)

Article XVI: Insurance
Section A.3

Preferred Provider Organization (PPO) Major Medical Insurance. The Employer shall pay the premiums for single and for dependent insurance coverage (unless the Professional opts out pursuant to Section C) for a Preferred Provider Organization (PPO) health (60793-8) and drug (60793-14) plan through the Iowa Schools Employee Benefits Association (ISEBA) The health plan has a $100 deductible for single and $200 deductible for family with a $10 doctor office call co-pay The coinsurance is 90%/10% within the PPO network and has a $500 out-of-pocket maximum for single and $1,000 out-of-pocket maximum for family The drug co-pay is $5 for generic prescriptions and $10 for brand name prescriptions with no out-of-pocket maximum

The conclusions that can be reached based upon the above are that the parties have used opt-out payments as employee incentives to help control insurance costs to the Agency; that both parties agreed to significant changes in 2000-01 when they went to arbitration; and that, in 2004-05, 2006-07, and 2007-08, the parties agreed to raise salaries higher than their previous averages (around 3% for the other six years) because the increases in insurance costs were significantly lower (Assoc. Exh. 4-1/Exhibit "D"). Conversely, when insurance costs increased over the norm in 2003-04, the parties agreed to a 1.44% salary increase to offset the Agency's insurance costs.

The Association also presented evidence showing that over the last nine years, the Agency has failed to make or insist upon significant insurance changes, as follows (Assoc. Exhs. 4-49 and 4-50):

The Agency's Initial Bargaining Proposals on Health Insurance
2000-2001 through 2008-09 Proposals

2000-2001	No bargaining notes on health insurance Parties went to arbitration before arbitrator, Peter Maniscalco.
2001-2002	No bargaining notes on health insurance. No Agency insurance proposal (Assoc. Exh. 4-56).
2002-2003	No bargaining notes on health insurance.
2003-2004	Agency made no initial proposal on health insurance (Assoc. Exh. 4-57).

2004-2005	Agency proposed eliminating health insurance for part-time employees. Agency also urged adoption of Joint Committee's recommendations (Assoc. Exh. 4-58).
2005-2006	Agency initial proposal was "to incorporate any recommendations of the insurance committee" (Assoc Exh. 4-60).
2006-2007	Agency initial proposal included reference to "bifurcation" of health insurance.[4]
2007-2008	Agency proposed adoption of three health insurance plans (with the difference in cost being given as extra salary) (Assoc. Exh. 4-65)
2008-2009	Agency proposed that those employees electing dependent coverage pay 25% of the cost of the premium; increase the opt out to $4,428.

In 2008-09 bargaining, the Association proposed to have new employees pay 25% of the difference between single and dependent coverage with no opt-out increase, which the Agency rejected, holding to its final offer position of capping Agency-paid premiums for dependent coverage at the 2007-08 rate of $9,056 per year.

In addition, Association Exhibits 6-1 through 6-54 showed that three AEA's (including Mississippi Bend, this Agency, and Northwest) pay the entire cost of dependent care premiums (Assoc. Exh. 6-25).[5] The remaining seven require employee contributions to dependent care premiums at different levels. From the Association's exhibits, it appears that the average AEA employee contributions to dependent care costs are as follows:

$4,968	Annual employee premiums paid—L.H., $0
$875	Annual deductibles paid—L.H., $200
+$1,740	Out-of-pocket paid—L.H., $1,000
$7,543	**Total**

Thus, at seven of ten AEA's, certified staff pay an average of $6,383 more for dependent care coverage than certified staff do at the Agency.

Association Exhibit 9-1 through 9-20 comprised the Associations compilation of the parties' Joint Insurance committee notes from its inception in 2003 through 2007. This Exhibit also showed that the Agency's 2008-09 increase in insurance premiums was 1.84% (Assoc. Exh. 9-15). In addition, Association Exhibit 9-17 showed the options the Agency was offered for 2008-09 which the Association asserted without contradiction were not offered to the Association in bargaining. Finally, the Association included excerpts of eight prior arbitration awards and the full award of Arbitrator Maniscalco

[4] The proposed "bifurcation" involved newly hired employees paying more for dependent care premiums than tenured staff.

[5] This information was different from that reported on Agency Exhibit 2. The parties gave this Arbitrator no explanation for this discrepancy.

between the parties to support its assertion that neutrals should not impose significant changes in long-established, mutually agreed-upon contract provisions.[6]

The Association submitted its Exhibits 5-1 through 5-27 regarding the salary issue, which the Agency did not dispute. Association Exhibit 5-1, for example, showed that in each of the last nine years, Agency certified staff have lagged behind all other AEA certified staff in average salary by from $1,712 (1999-2000) to $4,812 (2005-06) per annum, with 2006-07 and 2007-08 averages by which Agency staff were behind being $3,763 and $4,426, respectively. Thus, the average salary ranking of the Agency's certified staff *vis-à-vis* other AEA staff was as follows for the years listed:

1999-2000	8th of 15
2000-2001	14th of 15
2001-2002	14th of 15
2002-2003	14th of 15
2003-2004	12th of 12
2004-2005	12th of 12
2005-2006	12th of 12
2006-2007	9th of 11
2007-2008	9th of 10[7]

Salary Issue:

Significantly, of the two agencies that also pay 100% for dependent care coverage (Assoc. Exh. 6-25 and 26), Mississippi Bend and Northwest, the former AEA was first in salary paid to certified staff in both 2006-07 and 2007-08 (in 2007-08, the average salary was $58,709); and Northwest was second in salary for 2007-08 ($57,188) and fourth in 2006-07. On Agency Exhibit 3, Northwest reported an increase of 3.29% on salary and Mississippi Bend gave a 4.26% salary increase. Based on these percentages, an average salary of $60,640 for 2008-09 will be paid at the Mississippi Bend AEA, and an average salary of $59,624 for 2008-09 will be paid at the Northwest AEA. These *average* salaries

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[6] Algona CSD (Stein, 6/97); Algona CSD (Salkovitz-Kohn, 6/98); Algona CSD (Dworkin, 6/99); Storm Lake CSD (Sandy, 5/98); Western Iowa Technical College (Obermeyer, 8/06); Central Decatur Schools (Scoville, 10/04); Okoboji CSD (Gallagher, 5/07); Belle Plaine CSD (Krueger, 6/05); Martensdale—St. Marys CSD (O'Brien, 5/08).

[7] Iowa has been consolidating AEA's, which accounts for some of the changes in rank above. Currently, the State has proposed to combine Loess Hills with Green Valley, the smallest AEA, which is to the east of and contiguous with Loess Hills. Notably, Green Valley pays only $2,130 per year in lieu of dependent premiums and it has a low average salary, ranking last in 2006-07 and 2007-08, and second to last in 2004-05 and 2005-06 (Assoc. Exh. 5-2 through 5-10).

are significantly higher than the Agency's final offer *salary maximum* of $57,060. In addition, the average salary for Green Valley AEA will rise from $47,416 in 2007-08 to $49,668 in 2008-09 based on a 4.75% salary increase as reported on Agency Exhibit 3. Association Exhibit 5-18 showed that, unlike Loess Hills, Green Valley has a separate Ph.D. lane with a maximum pay of $57,680 in 2007-08, which would rise to $60,419 in 2008-09, assuming a salary increase of 4.75%. This maximum is higher than the Agency 2008-09 salary maximum at Loess Hills. Indeed, Association Exhibits 5-20 through 5-27 showed that at all salary lane minimums and maximums Loess hills' certified staff make less than the average of the other AEA's ranging from $535 less to $11,189 less than the average.

The Association also submitted Exhibits 7-1 through 7-4, an analysis of the 2008-09 settlement trends among AEA's which it urged showed an average settlement rate on salaries only of 5.2%. The Agency's Exhibit 3 covered all AEA salary increases for 2008-09 which showed an average increase of 4.54%.

Discussion:

This case has been extremely difficult. The evidence has been voluminous, complex and in-depth, requiring independent analysis. Beyond this, the particular issues here, whether the Arbitrator should impose a significant change in health insurance, is a challenging one, in light of the evidence of comparability data and the history of collective bargaining between the parties.[8]

First, this Arbitrator finds that there is no question that the correct comparables are the ten existing AEA's. In this regard, this Arbitrator notes that the testimony of Mr. Lind regarding Agency Exhibit 1 demonstrated that only one of the 819 employers was an AEA and that it was unclear how many of the employers were covered by labor agreements. These facts made this evidence of little weight in this case. Also, this Arbitrator notes that the survey did not address the question whether any of the surveyed employers reimbursed their employees for any employee payments made toward dependent coverage and it grouped all health plans together. These facts further undermined the value of this Exhibit and of Lind's testimony in this case. In the view of this Arbitrator, statewide school district statistics (Agency Exh. 4) are more pertinent to this dispute.

The Agency argued at the hearing that the Arbitrator should take note of and give the Agency credit for opt-out payments on the wage issue. This Arbitrator disagrees. The bargaining history between these parties and an analysis of Agency Exhibit 2 shows that the AEA's, including this Agency, do not use opt-out payments in this way. In addition, opt-out payments are used, if possible, to bring the cost of an agreed-upon benefit, insurance, into line and such payments should be analyzed in those terms. Therefore, in the view of this Arbitrator, the Agency cannot fairly and reasonably use opt-out payments to bolster or augment its wage proposal.

The Agency has argued that Iowa interest arbitration criteria demand that only Iowa comparables be considered. This Arbitrator agrees. But in this case, the history of

[8] As the Association's Exhibit 8-1 through 8-8 was not contradicted or disputed in any way by the Agency, this Arbitrator has found that the Agency's ability to pay, the effect of funding the chosen offer on services and its ability to levy taxes are statutory factors not involved in this case

bargaining clearly showed that the parties have mutually agreed to bargain wages in light of and with full consideration of the cost of insurance as they did in 2003-04, (less in wages) and 2004-05, 2006-07, and 2007-08 (more in wages). This approach has clearly been mutually agreed-upon and pursued.

Regarding the Agency's argument that internal comparables should be more compelling on the insurance issue, this Arbitrator generally agrees. However, in this case, complete evidence was not proffered by the Agency on this point. Here, the Agency showed that its organized support staff has agreed to pay 25% of the dependent care premium. But no evidence was submitted to show what the support staff's insurance benefit was before this and what, if anything, the Agency conceded on wages or other benefits to gain the 25% concession. In addition, no evidence was presented to show how many Agency support staff employees actually take family and single insurance and at what cost to the Agency for full- and part-time employees. Furthermore, no evidence was proffered to show how long the Agency's support staff has had a bargaining relationship with the Agency and whether its comparables are the same as or different from the AEA certified staff comparables on the insurance issue. Finally, the Iowa Code at Section 20.22(9)(b) requires arbitrators to consider and compare "public employees doing comparable work ...." In this Arbitrator's view, AEA support staff and AEA certified staff do not perform comparable work.[9] In these circumstances, there is insufficient evidence to support the Agency's argument that on the insurance issue internal comparables must be paramount.

It is significant that the dependent care insurance premium increase in 2008 was 1.84%; that in 2007, it was 1.6%; and that in 2006 it was 0.7%, for a grand total of 4.14% over a three-year period. It is in this context that the Agency's argument that the Association "must be dragged kicking and screaming into the 21st century," must be assessed. Here, the Association responded in one prior year, 2003-04, and in its final offer in 2000-01, to increased insurance costs.[10] Also, the fact that the Agency has in at least three contract years voluntarily agreed to give Agency certified staff greater salary increases when insurance premiums rose minimally. Therefore, this is not a case where costs have recently skyrocketed or where one party (the Association) has requested to compromise while the other party (the Agency) has been flexible, creative and reasonable yet firm in its consistent requests for change.

Also very significant to this Arbitrator is the thirty-year history of this Agency paying the full cost of dependent premiums while unit employees' salaries have consistently lagged behind the average of the AEA comparables. The Association argued that if this Arbitrator imposed the Agency's final offer on this unit, this would eradicate a thirty-year balance of wages and insurance which the Association would never be able to reverse. This Arbitrator finds this argument very compelling.

The Agency's offer on wages is less reasonable than the Association's in light of the insurance concession it is seeking. Here, if the weighted average salary increase

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[9] Also, no evidence was submitted to show what insurance benefit Agency Administrators have (Emily Nelson's testimony). Although the benefit levels of exempt Administrators are not generally considered in cases such as this, in this Arbitrator's view, where a case is a close one, the fact that an employer gives the same insurance benefit to its managers that it seeks to impose upon organized employees can give some additional weight in determining the reasonableness of the employer's insurance offer

[10] Indeed, the parties' 2007-08 contractual insurance language is very close to that offered by the Agency in 2000-01 (with lower deductibles) This tends to show that the Association has been flexible on insurance

across all school districts (Agency Exh. 4) for 2008-09 is 4.8%, the Agency's salary offer at 4.54% is only .26% above that 2008-09 average. Also, the Agency's offer is actually 0.02% less than the average of AEA 2008-09 salary increases. Indeed, the Association's salary offer of 3.54% is 1.26% less than the school district average and 1.02% less than the settled AEA average. When this is taken into consideration along with the evidence showing that Agency staff have significantly lagged behind the average salaries of the other AEA's and the high levels of experience and education which Agency staff possess, the Agency's salary offer is insufficient to support the insurance concession it offered. Notably, the Association's wage offer will not change the Agency's salary rank vis-à-vis other AEA's it will still be 9th out of 10.

Regarding the Agency's offered insurance change, this Arbitrator finds that it is also less reasonable than the Association's insurance offer. In this regard, this Arbitrator notes that the record shows that the parties have traditionally tied wages to insurance and that unit employees have preferred to lag behind in wages while maintaining their insurance benefits. Were this Arbitrator to award the Agency's insurance offer, almost one-half of certified staff will have to pay either $453 (part-time) or $906 (full-time) per annum toward dependent care premiums. These payments would equal from 1.6% to 3.15% on the BA Base, which would leave full-time employees on the BA Base[11] with only a 1.39% salary increase, far below the comparables. In addition, this Arbitrator notes that the Agency employs no other employees whose dependent insurance premiums have been capped, so there are no internal comparables for this approach. Also, only one other AEA appears to cap dependent care premium payments.

Capping premiums here would mean that unit employees will have to pay 5.83% in 2008, but that employees will thereafter have to pay all future premium increases. This takes all of the pressure off the Agency and shifts it to the employees regarding rising premium costs. This is going much farther than the Agency's argument that employees "must have skin in the game." Also, capping Agency-paid insurance premiums means that the Agency will have less incentive to consider creative options and it will put the onus on the Association to come up with alternatives. The record showed that the parties have had a Joint Committee on Insurance since 2003 which has undisputedly worked well. One wonders how well the Joint Committee will function following an Award in favor of the Agency.

Furthermore, this Arbitrator must say she also agrees, as stated in the arbitration awards cited by the Association, that significant changes in benefits should be bargained for and agreed to in the give-and-take of negotiations. Here, the Agency asserted the Association has refused to make insurance concessions in bargaining voluntary agreements. As discussed above, this assertion was not supported by the record. However, had the Agency made a different insurance proposal in this case; say, for certified staff to pay a set percentage of dependent care premiums, this offer would have been more difficult to reject, especially if the Agency had offered more than a 4.54% total salary increase. This is so because internal comparability for a percentage would be present, as Agency support staff are paying a percentage of dependent care premiums,

[11] The parties did not put in a scattergram to show where certified staff are placed on the salary grid

albeit a higher one.[12] Also, if a set percentage were used, the both parties would have "skin in the game" regarding annual increases in dependent care premiums. But, the Agency chose not to take this path.

Therefore, in this very difficult case, this Arbitrator finds that based upon the above analysis of the record evidence and the application of Section 20.22(9) of the Iowa Code, this Arbitrator issues the following

AWARD

The final offer of the Association on the insurance item is selected as the most reasonable.

Therefore, the Association's final offer on the salary issue is also selected as the most reasonable

Dated and Signed this 27th of May, 2008

Sharon A. Gallagher

Sharon A. Gallagher
70 Stoney Beach Rd.
Oshkosh, WI 54902

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[12] In addition, if Ms. Nelson had been able to state herein that the Agency's exempt Administrators would be required to accept the same salary increase *and* the same insurance offered to the certified staff, this would have further supported an Agency offer based upon a percentage of premium payment.

Loess Hills AEA/EA
(2008)

CERTIFICATE OF SERVICE

I certify that on the 27th day of May, 2008, I served the foregoing Award of Arbitrator upon each of the parties to this matter by (______ personally delivering) (✓ mailing) a copy to them at their respective addresses as shown below:

RECEIVED BY PERB
VIA FAX
MAY 28 2008

I further certify that on the 27th day of May, 2008, I ~~will submit~~ have submitted this Award for filing by (______ personally delivering) (✓ mailing) it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, IA 50319.

Sharon A. Gallagher

S.A. GALLAGHER, Arbitrator
(Print Name)

Generated Base: 26,565 2007-2008 Salary Schedule

28,690 190-DAY SCHEDULE

STEP	BA	BA+15	BA+30	MA	MA+15	MA+30	ED.S.	PH.D.
0--	28,690	30,018	0	32,675	34,003	35,331	36,660	37,988
1--	28,690	30,018	0	32,675	34,003	35,331	36,660	37,988
2--	28,690	30,018	0	32,675	34,003	35,331	36,660	37,988
3--	29,753	31,081	0	33,738	35,066	36,394	37,722	39,051
4--	30,815	32,144	0	34,800	36,128	37,457	38,785	40,113
5--	31,878	33,206	0	35,863	37,191	38,519	39,848	41,176
6--	32,941	34,269	0	36,925	38,254	39,582	40,910	42,238
7--	34,003	35,331	0	37,988	39,316	40,644	41,973	43,301
8--	35,066	36,394	0	39,051	40,379	41,707	43,035	44,364
9--	36,128	37,457	0	40,113	41,441	42,770	44,098	45,426
10--	37,191	38,519	0	41,176	42,504	43,832	45,161	46,489
11--	0	0	0	42,238	43,567	44,895	46,223	47,551
12--	0	0	0	43,301	44,629	45,957	47,286	48,614
13--	0	0	0	44,364	45,692	47,020	48,348	49,677
14--	0	0	0	45,426	46,754	48,083	49,411	50,739
15--	0	0	0	46,489	47,817	49,145	50,474	51,802
16--	0	0	0	47,551	48,880	50,208	51,536	52,864
17--	0	0	0	48,614	49,942	51,270	52,599	53,927
18--	0	0	0	49,677	51,005	52,333	53,661	54,990

+$700

Projected Generated Base: 27,265 2008-2009 Proposed Salary Schedule

PROJECTED BASE...... 29,446 190-DAY SCHEDULE

STEP	BA	BA+15	BA+30	MA	MA+15	MA+30	ED.S.	PH.D.
0--	29,446	30,809	0	33,536	34,899	36,262	37,626	38,989
1--	29,446	30,809	0	33,536	34,899	36,262	37,626	38,989
2--	29,446	30,809	0	33,536	34,899	36,262	37,626	38,989
3--	30,537	31,900	0	34,627	35,990	37,353	38,716	40,080
4--	31,627	32,991	0	35,717	37,080	38,444	39,807	41,170
5--	32,718	34,081	0	36,808	38,171	39,534	40,898	42,261
6--	33,809	35,172	0	37,898	39,262	40,625	41,988	43,351
7--	34,899	36,262	0	38,989	40,352	41,715	43,079	44,442
8--	35,990	37,353	0	40,080	41,443	42,806	44,169	45,533
9--	37,080	38,444	0	41,170	42,533	43,897	45,260	46,623
10--	38,171	39,534	0	42,261	43,624	44,987	46,351	47,714
11--	0	0	0	43,351	44,715	46,078	47,441	48,804
12--	0	0	0	44,442	45,805	47,168	48,532	49,895
13--	0	0	0	45,533	46,896	48,259	49,622	50,986
14--	0	0	0	46,623	47,986	49,350	50,713	52,076
15--	0	0	0	47,714	49,077	50,440	51,804	53,167
16--	0	0	0	48,804	50,168	51,531	52,894	54,257
17--	0	0	0	49,895	51,258	52,621	53,985	55,348
18--	0	0	0	50,986	52,349	53,712	55,075	56,439

(Exhibit B) 1-2

Article XVI

Insurance

A. The Employer shall pay the following insurance premiums for all full-time Professionals and for all regular part-time Professionals contracted to perform services a minimum of thirty (30) hours per week:

1. **Life Insurance.** The Employer shall pay for a $50,000 Life Insurance policy for each of the above-named Professionals. In addition, the Employer will, upon request of the Professional and upon approval from the insurance carrier, deduct in regular amounts from the Professional's salary the premiums for supplemental $50,000 Life Insurance.

2. **Long Term Disability Insurance.** The Employer shall pay the premiums for maintaining comparable Long Term Disability Insurance coverage in effect during the current contract year. This insurance pays 60 percent of the regular salary after a 60 calendar day waiting period to age 70 on a maximum of $50,000 gross salary.

3. **Preferred Provider Organization (PPO) Major Medical Insurance.** The Employer shall pay the premiums for single and for dependent insurance coverage (unless the Professional opts out pursuant to Section C) for a Preferred Provider Organization (PPO) health (60793-167) plan and drug (64296-43) plan through the Iowa Schools Employee Benefits Association (ISEBA). The health plan has a $100 deductible for single and a $200 deductible for family with a $10 doctor office call co-pay. The co-insurance is 90%/10% within the PPO network and has a $500 out-of-pocket maximum for single and $1,000 out-of-pocket maximum for family. The drug co-pay is $5 for generic prescriptions and $10 for brand name prescriptions with no out-of-pocket maximum.

4. **Dental Insurance.** The Employer shall arrange, through an insurance carrier of its choosing, to pay the premiums for maintaining dental insurance for Professionals. Subject to availability based upon the insurance carrier's participation requirement, the Employer will make family dental coverage available to Professionals. Professionals shall pay the premiums for such family dental coverage.

B. For employees who were employed by the Agency during the 2003/04 school year, the Employer shall pay the following insurance premiums for all regular part-time Professionals contracted to perform services a minimum of twenty (20) hours per week but less than thirty (30) hours per week. For Professionals who are employed on July 1, 2004 or thereafter, the Employer shall pay the following insurance premiums for all regular part-time Professionals contracted to perform services a minimum of twenty-four (24) hours per week but less than thirty (30) hours per week:

1. **Life Insurance.** The Employer shall pay one-half (1/2) of the premiums for a $50,000 Life Insurance policy for each of the above named Professionals and shall deduct in regular amounts from the Professional's salary, the remaining one-half (1/2) of the premiums. In addition, the Employer will, upon request from the Professional and upon approval from the insurance carrier, deduct in regular amounts from the Professional's salary the premiums for supplemental $50,000 Life Insurance.

2. **Long Term Disability Insurance.** The Employer shall pay one-half (1/2) of the premiums for maintaining comparable Long Term Disability Insurance coverage in effect during the current contract year and shall deduct in regular amounts from the Professional's salary, the remaining one-half (1/2) of the premiums. This insurance pays 60 percent of the regular salary after a 60 calendar day waiting period to age 70 on a maximum of $50,000 gross salary.

3. **Comprehensive Major Medical Insurance.** The Employer shall pay the premium for single and one-half (1/2) the premium for dependent insurance coverage (unless the Professional opts out pursuant to Section C) for a Preferred Provider Organization (PPO) health (60793-167) plan and drug (64296-43) plan through the Iowa Schools Employee Benefits Association (ISEBA). The health plan has a $100 deductible for single and a $200 deductible for family with a $10 doctor office call co-pay. The co-insurance is 90%/10% within the PPO network and has a $500 out-of-pocket maximum for single and $1,000 out-of-pocket maximum for family. The drug co-pay is $5 for generic prescriptions and $10 for brand name prescriptions with no out-of-pocket maximum.

4. **Dental Insurance.** The Employer shall arrange, through an insurance carrier of its choosing, to pay the premiums for maintaining dental insurance for Professionals. Subject to availability based upon the insurance carrier's participation requirement, the Employer will make family dental coverage available to Professionals. Professionals shall pay the premiums for such family dental Coverage.

/ - 33

C. Opt Out. Professionals may elect to receive in additional salary or to have placed in an approved Tax Sheltered Annuity, the sum the Employer would pay towards dependent Major Medical Insurance coverage up to a maximum of $2,928.48. Regular part-time Professionals as defined in this Article, Part B, will receive opt out on a prorated basis based on number of hours worked. New Professionals must notify the Employer in writing at the time he/she signs his/her individual contract. Professionals may change their election up to three (3) times yearly, effective September 1, January 1, and/or March 1. No Professional may opt out of the single Major Medical Insurance coverage.

D. Coverage.

1. For continuing contract persons, the above mentioned insurance coverage shall be in effect from the first day of their individual contract and shall run for 12 months.

2. New Professionals shall be covered as of the day they begin service with the Loess Hills Area Education Agency (AEA 13).

E. Section 125. The employer will make available to professionals a Section 125 Flexible Benefit Plan

F. Descriptions. The Board shall make available to each employee within 60 days of the commencement of the contract year a description of all insurance coverage provided by the Agency

Article XVII

Salaries

A. Schedule. The salary of each Professional covered by this Agreement is set forth in the appropriate Schedule which is attached hereto and made a part hereof.

B. Placement on Salary Schedule.

1. Credit for Prior Experience. Professionals beginning services after the effective date of this Agreement may be given full credit up to the maximum step on the salary schedule for previous experience at a duly accredited institution as determined by the Employer. In order to qualify for a year's credit on the salary schedule, the Professional must have performed services a minimum of one hundred forty-two (142) working days in each contract year.

2. Credit for Education. Professionals beginning services after the effective date of this Agreement shall be placed on the educational lane in accordance with the highest degree earned in their area of assignment. For the purpose of this contract a Master's degree shall be considered to be thirty (30) hours. All qualified hours in excess of thirty will count toward lane advancement. Effective July 1, 1987, the Agency will place a Master's degree which requires forty-five (45) hours on the M.A. + 15 lane and a Master' s degree which requires sixty (60) hours on the M.A. + 30 lane. An employee who was hired at the Agency and did not receive such placement will be moved to the appropriate lane effective July 1, 1987. To receive this placement the employee must verify hours with the personnel department.

Any hours of graduate course work earned subsequent to the earning of their last degree shall be applied at the discretion of the Employer.

3. An Occupational Therapist or Physical Therapist with a B.A. or M.A. degree will be placed on the M.A. Lane unless they have sufficient graduate credit to be placed on a higher lane. Step placement will be determined based on Article XVII (B1).

4. Continuing Professionals. Professionals performing services prior to the effective date of this Agreement shall be placed on the educational lane in effect for the current contract year unless they meet the conditions for advancement under Section (C) (2) of this Article.

5. Non-Unit Employees returning to a professional position may count all years of experience as a Professional and Non-Unit Employee with AEA 13 for purposes of placement on the salary schedule.

1 - 4

LOESS HILLS AREA EDUCATION AGENCY 13
FINAL OFFER FOR INTEREST ARBITRATION

ISSUE I
WAGES

The Agency proposes adding $1,000 to the generator base, from $26,565 to $27,565.

ISSUE II
INSURANCE

The Agency proposes revising the Collective Bargaining Agreement, Article XVI, Section A3 (Full-time Professionals) to indicate that the Employer will pay the premiums for single and $9,056 annually for dependent insurance coverage (unless the Professional opts out pursuant to Section C) for a Preferred Provider Organization (PPO) health (60793-221) plan and drug (64296-66) plan through the Iowa Schools Employee Benefits Association (ISEBA).

(i.e., the Agency will pay the entire cost of the single insurance plan and the current (2008) cost of dependent coverage)

The Agency also proposes revising the Collective Bargaining Agreement, Article XVI, Section B3 (Regular Part-time Professionals) to indicate that the Employer will pay the premium for single and $4,528 annually for dependent insurance coverage (unless the Professional opts out pursuant to Section C) for a Preferred Provider Organization (PPO) health (60793-221) plan and drug (64296-66) plan through the Iowa Schools Employee Benefits Association (ISEBA).

(i.e., the Agency will pay the entire cost of the single insurance plan and one-half (½) the current (2008) cost of dependent coverage)

(Exhibit C) 1-5

Article XVI

Insurance

A. The Employer shall pay the following insurance premiums for all full-time Professionals and for all regular part-time Professionals contracted to perform services a minimum of thirty (30) hours per week:

1. **Life Insurance.** The Employer shall pay for a $50,000 Life Insurance policy for each of the above-named Professionals. In addition, the Employer will, upon request of the Professional and upon approval from the insurance carrier, deduct in regular amounts from the Professional's salary the premiums for supplemental $50,000 Life Insurance.

2. **Long Term Disability Insurance.** The Employer shall pay the premiums for maintaining comparable Long Term Disability Insurance coverage in effect during the current contract year. This insurance pays 60 percent of the regular salary after a 60 calendar day waiting period to age 70 on a maximum of $50,000 gross salary.

3. **Preferred Provider Organization (PPO) Major Medical Insurance.** The Employer shall pay the premiums for single and $9,056 annually for dependent insurance coverage (unless the Professional opts out pursuant to Section C) for a Preferred Provider Organization (PPO) health (60793-221) plan and drug (64296-66) plan through the Iowa Schools Employee Benefits Association (ISEBA). The health plan has a $100 deductible for single and a $200 deductible for family with a $10 doctor office call co-pay. The co-insurance is 90%/10% within the PPO network and has a $500 out-of-pocket maximum for single and $1,000 out-of-pocket maximum for family. The drug co-pay is $5 for generic prescriptions and $10 for brand name prescriptions with no out-of-pocket maximum

4. **Dental Insurance.** The Employer shall arrange, through an insurance carrier of its choosing, to pay the premiums for maintaining dental insurance for Professionals. Subject to availability based upon the insurance carrier's participation requirement, the Employer will make family dental coverage available to Professionals. Professionals shall pay the premiums for such family dental coverage.

B. For employees who were employed by the Agency during the 2003/04 school year, the Employer shall pay the following insurance premiums for all regular part-time Professionals contracted to perform services a minimum of twenty (20) hours per week but less than thirty (30) hours per week. For Professionals who are employed on July 1, 2004 or thereafter, the Employer shall pay the following insurance premiums for all regular part-time Professionals contracted to perform services a minimum of twenty-four (24) hours per week but less than thirty (30) hours per week:

1. **Life Insurance.** The Employer shall pay one-half (1/2) of the premiums for a $50,000 Life Insurance policy for each of the above named Professionals and shall deduct in regular amounts from the Professional's salary, the remaining one-half (1/2) of the premiums. In addition, the Employer will, upon request from the Professional and upon approval from the insurance carrier, deduct in regular amounts from the Professional's salary the premiums for supplemental $50,000 Life Insurance.

2. **Long Term Disability Insurance** The Employer shall pay one-half (1/2) of the premiums for maintaining comparable Long Term Disability Insurance coverage in effect during the current contract year and shall deduct in regular amounts from the Professional's salary, the remaining one-half (1/2) of the premiums. This insurance pays 60 percent of the regular salary after a 60 calendar day waiting period to age 70 on a maximum of $50,000 gross salary.

3. **Comprehensive Major Medical Insurance.** The Employer shall pay the premium for single and $4,528 annually for dependent insurance coverage (unless the Professional opts out pursuant to Section C) for a Preferred Provider Organization (PPO) health (60793-221) plan and drug (64296-66) plan through the Iowa Schools Employee Benefits Association (ISEBA). The health plan has a $100 deductible for single and a $200 deductible for family with a $10 doctor office call co-pay. The co-insurance is 90%/10% within the PPO network and has a $500 out-of-pocket maximum for single and $1,000 out-of-pocket maximum for family. The drug co-pay is $5 for generic prescriptions and $10 for brand name prescriptions with no out-of-pocket maximum.

4. **Dental Insurance.** The Employer shall arrange, through an insurance carrier of its choosing, to pay the premiums for maintaining dental insurance for Professionals. Subject to availability based upon the insurance carrier's participation requirement, the Employer will make family dental coverage available to Professionals. Professionals shall pay the premiums for such family dental Coverage.

1-6

C. Opt Out. Professionals may elect to receive in additional salary or to have placed in an approved Tax Sheltered Annuity, the sum the Employer would pay towards dependent Major Medical Insurance coverage up to a maximum of $2,928.48. Regular part-time Professionals as defined in this Article, Part B, will receive opt out on a prorated basis based on number of hours worked. New Professionals must notify the Employer in writing at the time he/she signs his/her individual contract. Professionals may change their election up to three (3) times yearly, effective September 1, January 1, and/or March 1. No Professional may opt out of the single Major Medical Insurance coverage.

D. Coverage

1. For continuing contract persons, the above mentioned insurance coverage shall be in effect from the first day of their individual contract and shall run for 12 months.

2. New Professionals shall be covered as of the day they begin service with the Loess Hills Area Education Agency (AEA 13).

E. Section 125. The employer will make available to professionals a Section 125 Flexible Benefit Plan.

F. Descriptions. The Board shall make available to each employee within 60 days of the commencement of the contract year a description of all insurance coverage provided by the Agency.

Loess Hills Area Education Agency-13 Education Association

VS 05/10/08

Loess Hills Area Education Agency Board of Directors

Bargaining History Settlements: Salary, Insurance, and Total Package Percentages

YEAR		BA Base Salary	Increase	Salary Percent	Insurance Percent	Total Package Percent
1999-2000		$21,555	$355	3.10%	10.40%	4.30%
2000-2001	(Arbitration)	$21,875	$320	2.70%	13.49%	5.16%
2001-2002		$22,375	$500	4.20%	7.38%	4.76%
2002-2003		$22,725	$350	2.90%	8.70%	4.10%
2003-2004		$22,765	$40	1.44%	15.41%	4.53%
2004-2005		$23,765	$1,000	5.42%	-18.09%	0.90%
2005-2006		$24,365	$600	3.70%	7.63%	4.52%
2006-2007		$25,425	$1,060	6.10%	0.70%	4.90%
2007-2008		$26,565	$1,140	5.60%	1.60%	4.80%
2008-2009						
ASSOCIATION PROPOSAL		$27,265	$700	3.43%	8.12%	4.68%
BOARD PROPOSAL		$27,565	$1,000	4.54%	4.43%	~~4.51%~~

(a amended 4.95%
@ hearing)

Exhibit "D"

4-1